

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF THE: *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF: A Proposed Plan of Compromise or
Arrangement of The Puratone Corporation,
Pembina Valley Pigs Ltd. and Niverville
Swine Breeders Ltd. (the "Applicants")

Application under the: *Companies' Creditors Arrangement Act*, R.S.C.
1985, c. C-36, as Amended

AFFIDAVIT OF RAYMOND ALAN HILDEBRAND
SWORN THE 4TH DAY OF OCTOBER, 2012

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba, R3C 4K5

David R.M. Jackson/Sam Gabor
(204) 988-0375/(204) 988-0346
Fax – (204) 957-0945

Client File No. 15611-250 DJAC

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF THE: *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF: A Proposed Plan of Compromise or
Arrangement of The Puratone Corporation,
Pembina Valley Pigs Ltd. and Niverville
Swine Breeders Ltd. (the "Applicants")

AFFIDAVIT OF RAY HILDEBRAND

I, RAYMOND ALAN HILDEBRAND, of the Rural
Municipality of Springfield, in the Province of Manitoba,
Businessman,

MAKE OATH AND SAY THAT:

1. I am the President, Chief Executive Officer and
Secretary of The Puratone Corporation ("TPC"), and the President
of both Pembina Valley Pigs Ltd. ("PVP") and Niverville Swine
Breeders Ltd. ("NSB"), the above-named Applicants, and as such
have personal knowledge of the facts and matters hereinafter

deposed to by me, except where stated to be based upon information and belief and in those I do verily believe.

Initial Application

2. On September 12, 2012 this Honourable Court granted the Initial Order in these proceedings (the "Initial Order"). In the Initial Order, the Court among other things:

- a) Granted a stay of proceedings as against the Applicants to October 12, 2012 (the "Stay Period");
- b) Authorized and empowered the Applicants to obtain and borrow under a credit facility (the "DIP Loan") from Bank of Montreal ("BMO") in an amount not to exceed \$6 million on the terms set forth in a September 11, 2012 commitment letter (the "Commitment Letter") and to execute and deliver definitive documents contemplated by the Commitment Letter (the "Definitive Documents");

- c) Directed the Monitor to develop and commence a sale process (the "Sale Process") with the Applicants for the purpose of offering to sell all or parts of the Applicants' business and property; and
- d) Entitled the Applicants (subject to the terms and availability under the Commitment Letter and Definitive Documents) to pay reasonable expenses, including paying for goods or services supplied to the Applicants following the date of the Order and specified expenses, goods and services supplied before the date of the Order.

Activities – Post Initial Order: Stay Extension is Appropriate

3. Following the issuance of the Initial Order, the Applicants have acted in good faith and with due diligence including amongst other things:

- a) The Applicants have continued to operate the business in the normal course with the benefit of the stay of proceedings and the DIP Loan, which have provided stability to the business and temporarily alleviated the liquidity crisis that the Applicants faced at the time of filing the Application for the Initial Order;
- b) The Applicants have continued to communicate and work with their stakeholders and reassure suppliers, customers, employees and other stakeholders regarding the purpose and parameters of these proceedings and the efforts to pursue the sale process and the goal of maximizing value and providing for continued operation of the business as a going concern;
- c) The Applicants have cooperated, assisted and worked with the Monitor and the Sale Process that the Monitor has undertaken in accordance with the Initial Order.

4. I have been advised by the Monitor that there are several interested parties who have provided letters of intent and the Monitor requires the Applicants to obtain an extension of the Stay Period in order to complete the Sale Process and, hopefully, enter into agreement for the sale of substantially all of the business and assets of the Applicants on a going concern basis, subject to Court approval.

5. The stay of proceedings is essential for continued operation of the Applicants' business and to pursue the Sale Process. An extension of the Stay Period to November 2, 2012 is necessary and appropriate in the circumstances, and should enable the Monitor to complete the Sale Process in accordance with the Initial Order.

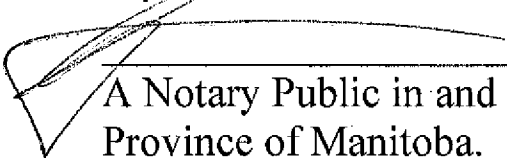
6. Now shown to me and marked as Exhibit "A" to this my Affidavit is a copy of the most recent 13 weekly cash flow projection for September 30 through December 30, 2012 which discloses that the Applicants have sufficient working capital to

fund operations during the requested extension to the Stay Period. However, it also discloses that, based on current projections, the Applicants will not have sufficient working capital to fund operations much longer. If an agreement for sale cannot be finalized and closed quickly it will be necessary to either seek an increase in the DIP Loan or initiate a wind down.

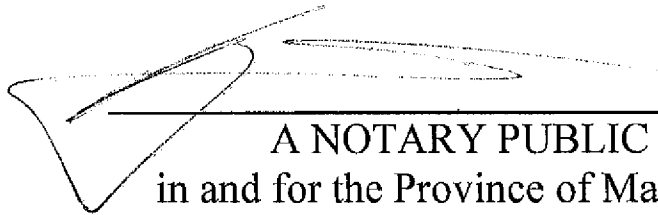
7. It is my understanding that the Monitor and the Secured Lenders have each expressed their support for the extension of the Stay Period to November 2, 2012.

8. I make this Affidavit *bona fide* and in support of the Applicants motion for an extension of the Stay Period.

SWORN BEFORE ME at the)
City of Winnipeg, in the)
Province of Manitoba, this 4th) **RAYMOND ALAN**
day of October, 2012) **HILDEBRAND**


A Notary Public in and for the
Province of Manitoba.

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF RAYMOND ALAN HILDEBRAND
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 4TH DAY OF OCTOBER, 2012**



A NOTARY PUBLIC
in and for the Province of Manitoba

The Puratone Corporation
13 Week Cash Flow Projection
September 30 through December 30, 2012

Week Start	Week 0 24-Sep-12	Week 1 1-Oct-12	Week 2 8-Oct-12	Week 3 15-Oct-12	Week 4 22-Oct-12	Week 5 29-Oct-12	Week 6 5-Nov-12	Week 7 12-Nov-12	Week 8 19-Nov-12	Week 9 26-Nov-12	Week 10 3-Dec-12	Week 11 10-Dec-12	Week 12 17-Dec-12	Week 13 24-Dec-12	Week 1 - 13 Cumulative Totals
Week End	30-Sep-12	7-Oct-12	14-Oct-12	21-Oct-12	28-Oct-12	4-Nov-12	11-Nov-12	18-Nov-12	25-Nov-12	2-Dec-12	9-Dec-12	16-Dec-12	23-Dec-12	30-Dec-12	
Assumptions															
<i>Market Hogs - Hedged</i>															
Shipment Volume	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Price (CAD)	161.50														
<i>Market Hogs - Non-hedged</i>															
Shipment Volume	8,538	6,942	7,131	8,339	8,278	8,009	6,597	6,526	6,982	7,413	7,934	7,226	7,970	8,572	97,918
Price (CAD)	148.66	153.01	154.35	152.55	154.43	153.18	150.84	148.04	145.01	141.52	145.26	147.00	141.88	143.35	
<i>Feeders</i>															
Shipment Volume	1,200	2,000	1,000	1,000	1,000	-	1,000	6,500	7,300	800	2,000	2,000	1,000	-	25,600
Price	23	23	23	23	23	23	23	23	55	52	23	23	23	23	
<i>Iso-weanlings</i>															
Shipment Volume	-	-	1,500	-	-	1,500	-	-	1,500	-	-	1,500	-	-	6,000
Price (USD)	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
<i>Exchange Rate</i>															
Estimated rate	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
Receipts															
<i>Sales</i>															
Market hogs - Hedged	81,000	81,000	-	-	-	-	-	-	-	-	-	-	-	-	81,000
Market hogs - Non-hedged	1,259,000	1,269,000	1,062,000	1,101,000	1,272,000	1,278,000	1,227,000	995,000	966,000	1,012,000	1,049,000	1,152,000	1,062,000	1,131,000	14,576,000
10% reduction in pricing factor	(134,000)	(135,000)	(106,200)	(110,100)	(127,200)	(127,800)	(122,700)	(99,500)	(96,600)	(101,200)	(104,900)	(115,200)	(106,200)	(113,100)	(1,465,700)
Premium (\$16/hog RWA)	26,084	29,400	30,456	29,955	29,440	29,440	28,960	30,992	27,952	23,552	27,344	23,888	19,760	33,504	364,643
Premium (\$5 hog HyLife)	13,670	12,355	13,875	14,205	14,100	13,790	12,000	14,000	15,000	15,115	14,380	15,070	15,100	15,470	184,460
Subtotal market hogs	1,245,754	1,256,755	1,000,131	1,035,060	1,188,340	1,193,430	1,145,260	940,492	912,352	949,467	985,824	1,075,758	990,660	1,066,874	13,740,403
Feeders	21,600	27,600	46,000	23,000	23,000	23,000	-	23,000	149,500	403,746	41,414	46,000	46,000	23,000	875,260
Iso-weanlings	9,750	-	-	24,000	-	-	24,000	-	-	24,000	-	-	24,000	-	96,000
Gilt sales	47,000	-	-	-	-	47,000	-	-	-	-	47,000	-	-	-	94,000
Cull sales	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	910,000
Feed	531,750	243,750	443,750	243,750	331,750	443,750	243,750	443,750	243,750	531,750	243,750	443,750	243,750	531,750	4,632,750
<i>Other</i>															
Agri-stability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll recovery	-	74,600	-	74,600	-	74,600	-	74,600	-	74,600	-	74,600	-	74,600	522,200
Total Receipts	1,925,854	1,672,705	1,559,881	1,470,410	1,613,090	1,851,780	1,483,010	1,551,842	1,375,602	2,053,563	1,387,988	1,710,108	1,374,410	1,766,224	20,870,613
Disbursements															
<i>Operations</i>															
Ingredients costs	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000	15,522,000
Escalation	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	1,552,200
Production input costs	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	2,730,000
Operating expenses	852,591	35,250	265,714	33,750	716,750	340,343	265,714	33,750	163,750	588,250	265,714	33,750	163,750	566,750	3,473,235
Payroll	575,000	20,900	575,000	20,900	575,000	20,900	575,000	20,900	695,000	20,900	575,000	20,900	575,000	20,900	3,716,300
<i>Restructuring</i>															
Professional fees	150,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	650,000
KERP	-	-	-	-	700,000	-	-	-	-	-	-	-	-	-	700,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Financing</i>															
Interest & principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	3,100,991	1,629,550	2,414,114	1,628,050	3,565,150	1,934,643	2,414,114	1,628,050	2,432,150	2,182,550	2,414,114	1,628,050	2,312,150	2,161,050	28,343,735
Net Cash Flows	(1,175,137)	43,155	(854,233)	(157,640)	(1,952,060)	(82,863)	(931,104)	(76,208)	(1,056,548)	(128,987)	(1,026,126)	82,058	(937,740)	(394,826)	(7,473,122)
Opening Cash	(249,467)	(2,055,535)	(2,012,380)	(2,866,613)	(3,024,253)	(4,976,313)	(5,059,176)	(5,990,280)	(6,066,488)	(7,123,036)	(7,252,023)	(8,278,149)	(8,196,091)	(9,133,831)	(2,055,535)
Net Cash Flows	(1,175,137)	43,155	(854,233)	(157,640)	(1,952,060)	(82,863)	(931,104)	(76,208)	(1,056,548)	(128,987)	(1,026,126)	82,058	(937,740)	(394,826)	(7,473,122)
Closing Cash (Indebtedness)	(1,424,604)	(2,012,380)	(2,866,613)	(3,024,253)	(4,976,313)	(5,059,176)	(5,990,280)	(6,066,488)	(7,123,036)	(7,252,023)	(8,278,149)	(8,196,091)	(9,133,831)	(9,528,657)	(9,528,657)
Excess over DIP Facility							(388,335)	(464,543)	(1,521,091)	(1,650,078)	(2,676,204)	(2,594,146)	(3,531,886)	(3,926,712)	(3,926,712)

Exhibit "A"

The Puratone Corporation
13 Week Cash Flow Projection
September 30 through December 30, 2012

Actual Friday Close balance	(2,055,535)
Variance	(630,931)
Frozen balance	(13,398,055)
Total Available DIP	5,601,945
Net	3,546,410

Notes

1. Hedged market volumes and prices based on existing Maple Leaf contracts.
2. Market hog production volumes based on TPC production cycle and expected deliveries.
3. Market hog price estimated based on current USDA prices and CME futures prices.
4. Feeder sales expected to be nil, (other than committed contracts) as current and expected prices assume sales are more beneficial at the isoweann stage.
5. Based on historical and expected future sales.
6. Based on historical and expected future prices.
7. Based on current exchange rate and CME futures rates
8. Cash receipts for market hog sales received the week after shipment
9. Primarily wholesale and commercial feed receipts based on historical revenue receipts adjusted for expected changes to payments from customers.
10. Assumes Agristability funding is not received during the cash flow period.
11. Based on recent ingredient costs and payments.
12. Estimate of expected purchases based on recent experience and go forward expectations.
13. Estimated based on contractual obligations and historical experience.
14. Estimated based on current payroll and contract payments.
15. Estimated based on expected legal and accounting fees during the projection period.
16. Estimated interest on current and HILLRP financing.